Monitoring investment of overseas private equity funds

2490. SHRI JESUDASU SEELAM: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Department of Industrial Policy and Promotion is working on ways to monitor investment of overseas private equity funds in India;

(b) if so, whether large chunks of foreign investment come through Mergers and Acquisition (M&A) deals rather than Greenfield investment; and

(c) if so, what measures are being contemplated to check this?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) Extant policy on Foreign Direct Investment (FDI) is incorporated under Schedule I of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified under the Foreign Exchange Management Act, (FEMA), 1999, as the FDI Scheme. Any investment by non-resident entities, including overseas private equity funds, is governed by the FDI Scheme. FDI policy is reviewed on a continuous basis through inter-ministerial consultations. Investments made under Portfolio Investment Scheme are governed by Schedule 2 of the FEMA Regulations.

(b) and (c) As per the FDI statistics maintained by the Government, out of the total FDI inflows of US$ 62.8 billion received since 1996, inflows through acquisition amounted to US$ 14.9 billion and inflows through routes other than acquisition amounted to US$ 47.9 billion.

Indictment of SEZs by CAG

2491. SHRI HARISH RAWAT: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the CAG in its recent report indicted the SEZs for loss of revenue due to their exports to domestic tariff area;

(b) if so, the details of such SEZs and the amount of revenue lost; and

(c) what steps are being taken to amend the existing rules to rule out such possibility in future?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) to (c) In its audit report, the scope of which covered 2061 Special Economic Zone (SEZ) units, C&AG has observed that 22 units in two SEZs had been achieving the prescribed positive Net Foreign Exchange (NFE) mainly through domestic sales and that duty of Rs. 1043.29 crore was foregone on import of goods by these units. However, it is to be noted that as per figures compiled for the year 2007-08, physical exports from the SEZs are of the order of Rs. 64623 crore, which is 87% of their total turnover. During this period, the domestic supplies made by SEZs were about 9% and sales in domestic tariff area not counted for positive NFE was about 4%.

Award of research contracts

2492. SHRI MAHMOOD A. MADANI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) does the ministry award research contracts to Consultants, NGOs, Academic and Research Organizations etc.;